

Reengineering of health care

ISSUE: Getting better value for Medicare spending has been a central theme of much of MedPAC's recent work. This presentation will explore the potential for improved value. Two of the panelists – Steve Spear, a professor at Harvard Business School, and Dr. Gary Kaplan, CEO of Virginia Mason Medical Center – will talk specifically about efforts to improve efficiency through reengineering care in a hospital setting.

The third panelist – Dale Compton, who is an industrial engineer and professor at Purdue University– will discuss reengineering of the health care system, with a focus on the importance of overcoming the rigid division of labor which results from Medicare's "siloed" payment policy and the system engineering tools that may help.

KEY POINTS: This presentation should assist the Commission in assessing the:

- Potential for improved efficiency
 - What types of strategies does "reengineering" health care refer to?
 - Do these strategies produce tangible and measurable results in terms of quality and resource use?
 - Are the strategies employed by a minority of providers applicable to others?
 - What are the barriers preventing providers from adopting these innovations?
- Implications for Medicare policy
 - Does Medicare policy reward these innovations? If not, how could it be more effective in encouraging such innovations?
 - Do providers need greater technical assistance to achieve results?

ACTION: Commissioners should discuss the findings and experience of the panelists and consider how it relates to the Commission's ongoing work.

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